

Financial Information

Fundo Brasileiro para a Biodiversidade - FUNBIO

Period from July 1, 2022 to June 30, 2023
with Independent's Audit Report on the Financial information of
Project "COPAIBAS – Projeto Comunitário, Unidades de
Conservação e Povos Indígenas na Amazônia e Cerrado
Brasileiro"

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information of Project “COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro”.

Period from July 1, 2022 to June 30, 2023

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A free translation from Portuguese into English of Independent Auditor's Report on Financial Information prepared in accordance with the agreements entered into between the parties and the cash receipt and disbursement basis of accounting described in Note 2

Independent's audit report on the Financial information of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro"

To the
Executive Office and Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Projeto COPAIBAS
Rio de Janeiro - RJ

Opinion

We have audited the Financial information of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro" ("Project" or "COPAIBAS"), managed by the Fundo Brasileiro para Biodiversidade – FUNBIO ("Entity"), financed by the Norwegian Ministry of Foreign Affairs, represented by Royal Norwegian Embassy in Brazil, from July 1, 2022 to June 30, 2023, as well as notes to Financial information, including a summary of significant accounting policies.

In our opinion, the Financial information of the Project referred to above for the period from July 1, 2022 to June 30, 2023 were prepared, in all material respects, in accordance with the agreements signed between the parties and the cash receipt and disbursement basis of accounting described in Note 2.

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of matter - Basis of preparation and presentation of the financial information and restriction on distribution or use

We draw attention to Note 2 to the financial information, which describes the accounting basis of this financial information, prepared to assist the Entity in complying with the clauses for preparing the financial reports of the aforementioned contract. As such, the financial information may not serve any other purposes. Our report is intended solely for use and information by the Entity's executive board and Project funders, and should not be distributed or used by other parties. Our opinion is not modified in respect of this matter.

Responsibilities of the executive board and those charged with governance for the financial statements

The executive board is responsible for the preparation of the financial information in accordance with the agreements entered into between the parties and the cash receipt and disbursement basis of accounting described in Note 2, and for such internal control as the executive board determines is necessary to enable the preparation of financial information that is free of material misstatement, whether due to fraud or error.

In preparing the financial information, the executive board is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Project or has no realistic alternative but to do so.

Those charged with governance of the Project are responsible for overseeing the Project's financial reporting process.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the financial information, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

Rio de Janeiro, August 11, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-015199/F

A handwritten signature in blue ink that reads 'Beatriz Gonçalves de Moraes Nicolaci'.

Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC RJ-091370/O

A free translation from Portuguese into English of Financial Information prepared in accordance with the agreements entered into between the parties and the cash receipt and disbursement basis of accounting described in Note 2

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information on Project Copaíbas
 Period from July 1, 2022 to June 30, 2023
 (In thousands of reais, unless otherwise stated)

Changes in the balances of Project "COPAIBAS - Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro", from July 1, 2021 to June 30, 2023, and from July 1, 2021 to June 30, 2022, are presented below.

	Note	07/01/2022 to 06/30/2023	07/01/2021 to 06/30/2022	Accumulated amount (**)
Project balance at beginning of period		12,094	-	-
Cash inflows	4	28,782	23,451	52,233
Short-term investment income (*)	3	1,698	892	2,590
Finance costs	3	(123)	(6)	(129)
Funds executed	5	(23,895)	(12,177)	(36,072)
Other adjustments		64	(66)	(2)
Project balance at end of period	3	18,620	12,094	18,620

(*) This amount refers to financial investment yield, net of income tax to be withheld upon redemption by Funbio.

(**) The accumulated amounts refer to the period from July 1, 2021 to June 30, 2023.

See accompanying notes.

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Notes to financial information of Project “COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro”
Period from January 1 to December 31, 2022
(In thousands of reais, unless otherwise stated)

1. Operations

Fundo Brasileiro Para a Biodiversidade (FUNBIO) is a Brazilian private not-for-profit institution that operates in partnership with the government and business sectors as well as the civil society so that strategic and financial resources are earmarked for effective biodiversity conservation initiatives. The Entity’s head office is located at Rua Voluntários da Pátria, nº 286, 5th and 6th floors, Botafogo, Rio de Janeiro - RJ, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, suite 1323 to 1326, Asa Norte.

The main activities include financial management of projects and funds, design of financial mechanisms and studies of new sources of funds for conservation, as well as procurement and engagement of goods and services. Funbio is accredited as an implementing agency for GEF - Global Environment Facility and for GCF - Green Climate Fund.

Copaíbas is a FUNBIO project enabled by resources from the Norwegian Ministry of Foreign Affairs (MFA). The project started on June 5, 2020, lasts for six (6) years, with the first year allocated to the preparation of initiatives that will be carried out in the subsequent five years. Copaíbas aims to reduce the deforestation rate in the Brazilian Amazon and Cerrado.

2. Significant accounting practices

Basis of preparation and general information

The financial information on the Project has been prepared on the cash receipt and disbursement basis of accounting, whereby revenues are recorded upon receipt of funds (resources) and expenses are recognized when they effectively represent expenses paid in cash. This accounting practice differs from the accounting practices applicable in Brazil, which establish that transactions must be recorded to the extent that they are incurred rather than when paid.

This financial information is presented in Brazilian reais (R\$), which is the Entity’s functional currency. All financial information presented in thousands of reais was rounded to the nearest thousand, unless otherwise stated.

The Entity’s Executive Board approved the issue of this financial information on August 11, 2023.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro" (Continued)
Period from January 1 to December 31, 2022
(In thousands of reais, unless otherwise stated)

3. Funds available

From July 1, 2022 to June 30, 2023, the balances in checking accounts are broken down as follows:

Description	Type	07/01/2022 to 06/30/2023	07/01/2021 to 06/30/2022
Banco do Brasil – 25589-0	Checking account	-	5
Banco do Brasil – 25589-0	Financial investments	18,620	12,089
		<u>18,620</u>	<u>12,094</u>

From July 1, 2022 to June 30, 2023, net yield from financial investments amounted to R\$ 1,698 (R\$ 892 at June 30, 2022) and finance costs to R\$123 (R\$6 at June 30, 2022).

Investments in Bank Deposit Certificates (CDB) comprise securities remunerated from 96% to 99% of the Interbank Deposit Certificate (CDI) variation, which may be redeemed in up to 60 months and pose a low risk of reduction in value. Investments are held with first-tier financial institutions.

Financial investments are kept in Fundo Renda Fixa LP Corporate, a fixed income fund that guaranteed yields equivalent to 98.98% of the CDI variation. Financial investments have no redemption period and pose a low risk of reduction in value. Investments are held with first-tier financial institutions.

4. Cash inflows

Total funds contributed by the donor for Project execution considering the period from July 1, 2022 to June 30, 2023 were as follows:

	In thousands of NOK	Exchange rate (*)	In thousands of R\$	Date of cash inflow in the bank
4 th Contribution - Royal Norwegian Embassy – BB 25,589-0	55,297	1.9212	28,782	11/17/2022

(*) The rate considered for the funds executed was the translation of the amount received in Real (R\$) divided by the amount disbursed in Norwegian krone (NOK).

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information of Project “COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro” (Continued)
 Period from January 1 to December 31, 2022
 (In thousands of reais, unless otherwise stated)

4. Cash inflows (Continued)

Total funds contributed by the donor for Project execution considering the period from July 1, 2021 to June 30, 2022 were as follows:

	In thousands of EUR	Exchange rate (*)	In thousands of R\$	Date of cash inflow in the bank
1 st Contribution - Royal Norwegian Embassy – BB 25,589-0	9,036	1.8034	5,011	07/10/2020
2 nd Contribution - Royal Norwegian Embassy – BB 25,589-0	7,673	1.7285	4,439	08/16/2021
3 rd Contribution - Royal Norwegian Embassy – BB 25,589-0	21,979	1.5698	14,001	11/26/2021
	<u>38,688</u>		<u>23,451</u>	

(*) The rate considered for the funds executed was the translation of the amount received in Real (R\$) divided by the amount disbursed in Norwegian krone (NOK).

5. Execution of funds

Execution of the funds of Project “COPAIBAS - Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro”, from July 1, 2022 to June 30, 2023, and from July 1, 2021 to June 30, 2022, is presented below.

	07/01/2022 to 06/30/2023	07/01/2021 to 06/30/2022	Accumulated amount(*)
Beginning of the Project	66	382	448
Outcome 1 – Strengthening the subsistence of protected areas of the Cerrado (tropical scrub biome)	10,081	1,767	11,848
Outcome 2 - Strengthening the territorial management of indigenous peoples	3,852	359	4,211
Outcome 3 – Communication – climate changes and conservation	1,101	432	1,533
Outcome 4 – Value Chains and Local Productive Arrangements	2,801	122	2,923
External audit	331	6	337
Funbio management	3,436	6,324	9,760
Administrative costs		2,785	5,012
Total	23,895	12,177	36,072

(*) The accumulated amounts refer to the period from July 1, 2021 to June 30, 2023.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information of Project “COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro” (Continued)

Period from January 1 to December 31, 2022

(In thousands of reais, unless otherwise stated)

6. Service agreements

From July 1, 2022 to June 30, 2023, service agreements were entered into in Brazilian Real, as follows:

CEDOC Contract No.	Status	Supplier	Beginning Date (Original)	End date (Original)	Amounts in R\$
123/2022	COMPLETED	Nara Veículos Ltda	07/20/2022	12/17/2022	4,359,982.00
137/2022	COMPLETED	Bali Brasília Automóveis	08/23/2022	12/21/2022	664,080.00
140/2022	IN EFFECT	Cultivar Consultoria em Meio Ambiente Ltda	08/23/2022	08/30/2023	67,529.57
153/2022	COMPLETED	L MARTINELLI	08/30/2022	11/23/2022	43,875.00
164/2022	IN EFFECT	Agencia Febre Com. e Prod Cultural Ltda	09/15/2022	02/27/2024	186,000.00
172/2022	IN EFFECT	Fixe Soluções para Eventos	09/16/2022	12/31/2023	361,745.20
173/2022	IN EFFECT	Saberes Populares Ltda	10/07/2022	08/03/2023	141,250.00
195/2022	COMPLETED	Agência Febre Com. e Prod Cultural Ltda	10/19/2022	05/10/2023	70,000.00
194/2022	IN EFFECT	Plantuc Consultoria Socioambiental	10/17/2022	09/02/2023	206,450.00
212/2022	COMPLETED	RUPESTRE IMAGENS (MICHEL)	11/16/2022	03/31/2023	13,350.00
244/2022	IN EFFECT	Instituto Intern Educ do Brasil - IIEB	12/01/2022	04/18/2024	647,480.00
048/2023	EXPIRED	RAIZ INTELIGENCIA AMBIENTAL E GEORREFERENCIAMENTO LTDA	02/23/2023	06/23/2023	72,800.00
070/2023	IN EFFECT	Futuros Sustentáveis Treinamento e Consultoria EIRELI.	03/23/2023	03/23/2024	120,000.00
075/2023	IN EFFECT	DEVALLOR - Soluções aos Ecossistemas	04/10/2023	12/06/2023	1,519,929.16
109/2023	IN EFFECT	Frederico de Sá Senna Prates	05/12/2023	12/08/2023	93,052.50
130/2023	IN EFFECT	REMAR – Remando Junto com as Comunidades Tradicionais Ltda	06/14/2023	02/11/2026	242,800.00
135/2023	IN EFFECT	STCP ENGENHARIA DE PROJETOS LTDA	06/23/2023	07/07/2024	498,001.44
141/2023	IN EFFECT	Kesley & Keven Representações (Reinaldo Ferreira de Sa 98138073691)	06/20/2023	10/18/2024	15,000.00
145/2023	IN EFFECT	ECOSOUL - PLANEJAMENTO, CONSULTORIA E SOLUCOES AMBIENTAIS LTDA	06/23/2023	07/07/2024	403,498.54
					9,726,823.41

Independent's audit report on compliance with the accounting and financial agreement terms of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro"

To the
Executive Office and Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Projeto COPAIBAS
Rio de Janeiro - RJ

We conducted the audit of the financial information for the period from July 1, 2022 to June 30, 2023 of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro" ("COPAIBAS" or "Project"), managed by the Fundo Brasileiro para Biodiversidade – FUNBIO (the "Entity"), financed by the Norwegian Ministry of Foreign Affairs, represented by the Norwegian Royal Embassy in Brazil and issued our correspondent audit report, dated August 11, 2023.

Our audit was focused on checking whether the contractual provisions directly related to accounting and financial matters of the COPAIBAS Project have been appropriately complied with.

We conducted our audit in accordance with International Standards on Auditing and the requirements set out in the contract entered into between the Entity and the Norwegian Ministry of Foreign Affairs, represented by the Norwegian Royal Embassy in Brazil. These standards require that we plan and conduct the audit in order to obtain reasonable certainty that FUNBIO has complied with the provisions set out in the contract entered into between the Entity and the Norwegian Ministry of Foreign Affairs, represented by the Norwegian Royal Embassy in Brazil. The audit includes review, on a sample basis, of the evidence deemed appropriate by us. Accordingly, we believe that our audit provides a reasonable basis for our opinion.

In our opinion, in the period from July 1, 2022 to June 30, 2023, FUNBIO complied with, in all significant respects, the contractual provisions applicable, of an accounting and financial nature, of the contract entered into between the Entity and the Norwegian Ministry of Foreign Affairs, represented by the Norwegian Royal Embassy in Brazil.

Rio de Janeiro, August 11, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP015199/F



Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC-RJ091370/O

Independent's audit report on the internal control structure of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro"

To the
Executive Office and Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Projeto COPAIBAS
Rio de Janeiro - RJ

This report is complementary to the report on the financial information of Project "COPAIBAS – Projeto Comunitário, Unidades de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro" ("COPAIBAS" or "Project").

The Board of Executives of Fundo Brasileiro para a Biodiversidade - FUNBIO, which manages the Project "COPAIBAS – Projeto Comunitário, de Conservação e Povos Indígenas na Amazônia e Cerrado Brasileiro", is responsible for maintaining an internal control structure sufficient to mitigate the risks of material misstatement in the Financial information and protect the assets under custody of the Projects, including built works and other assets acquired. In order to fulfill this responsibility, the executive board is required to make judgments and estimates to evaluate the expected benefits and costs of the internal control policies and procedures. The objectives of an internal control system are to provide the executive board with reasonable, but not absolute, assurance that assets are protected against losses arising from unauthorized use or disposals, that transactions are carried out in accordance with the executive board's authorizations and agreement terms, and that they are properly recorded to allow the preparation of reliable financial information. Due to the limitations inherent in any internal control system, errors or irregularities may occur and remain undetected. In addition, the projections of any assessment of the structure of future periods are subject to the risk that the procedures could prove inadequate due to changes in conditions, or that the effectiveness of the design and operation of the policies and procedures could deteriorate.

In planning and conducting our audit of the financial information on the Project for the period from July 1, 2022 to June 30, 2023, we obtained an understanding of the internal control structure and assessed the risk of control to determine our audit procedures, in order to express an opinion on the financial information on the Project, but not to issue an opinion on the effectiveness of the internal control structure.

Our audit of the Project for the period from July 1, 2022 to June 30, 2023 revealed no significant deficiencies in the design or operation of internal controls that, in our opinion, could significantly affect FUNBIO's ability to record, process, summarize and report financial information consistently with the executive board's representations in the financial information of funds received, disbursements made, and accumulated investments.



A significant deficiency is the condition in which the design or operation of one or more elements of the internal control structure does not reduce to a relatively low level the risk that errors or irregularities may occur in amounts that could be significant in relation to the financial information on the Project, and that could not be detected on a timely basis by FUNBIO employees in the normal course of the duties assigned thereto.

Our consideration of the internal control structure does not necessarily expose all matters of that system that could be considered significant deficiencies and, therefore, should not necessarily expose all conditions to be reported that could be considered significant deficiencies, according to the definition above.

Rio de Janeiro, August 11, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-015199/F

A handwritten signature in blue ink, reading 'Beatriz Gonçalves de Moraes Nicolaci', is written over a light blue horizontal line.

Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC RJ-091370/O